GRAIN TRANSPORTATION REPORT

Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

NOVEMBER 12, 2002

TM GRAIN TRANSPORT COST INDICATORS	Truck	Rail	Barge	Ocean Gulf	Ocean PNW
Indicator Value * for 11/12	96		124	111	105
Compared to Last Week	down		up	down	up

**Indicator: Base Year 2000=100; Cost Data, Weekly Updates include Truck=Diesel, Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Quarterly Updates for Ocean Vessel based on Routes to Japan*

Temporary Shortage of Grain Storage in Iowa. Due to Iowa's bumper crop of corn (the best since 1994), there will be grain on the ground—potentially up to 119.7 million bushels using USDA crop estimates and up to 187.4 million bushels using Sparks' latest crop estimates. This estimate of the potential amount of grain on the ground does not take into account the moderating effects of September and October disappearance of Iowa-grown grain or the movements of this grain to out-of-State storage facilities. Even considering these moderating factors, however, a sizeable amount of Iowa-grown grain will need to be relocated; a situation that was not unexpected. Minnesota also has had a bumper crop and will probably have a large amount of grain on the ground. Although the supply of transportation is limited, no major transportation problems are expected to develop. **Marvin.Prater@usda.gov.**

Ocean Grain Shipments Up from Last Quarter but Below Last Year. The Federal Grain Inspection Service (FGIS) inspected 20.7 million metric tons of grain for export from all U.S. ocean ports during the third quarter of 2002. While this is up 3.3 percent from the second quarter of 2002, it is 10.1 percent below the third quarter of 2001 and 10.1 percent below the 5-year third-quarter average. FGIS inspected 16.2 million metric tons of grain for export from the U.S. Gulf during the third quarter of 2002, which was 5.5 percent below both the third quarter of 2001 and its 5-year average. FGIS inspected 3.6 million metric tons of grain for export from the Pacific Northwest during the third quarter of 2002, down 7.9 percent from the third quarter of 2001 and 18.7 percent below its 5-year average. Only 0.79 million metric tons of grain were inspected for export from the East Coast and the Great Lakes regions, down 34.5 percent from both the third quarter of 2001 and the 5-year average for these regions. *Grain Transportation Prospects*, October 2002, www.ams.usda.gov/tmd/mta/mta_special_reports.htm

Barge Freight Rates Below Average. For the third quarter of 2002, Minneapolis-St. Paul, MN, to New Orleans, LA, barge freight rates were reported at 172 percent of tariff, 23 percent below the 5-year average of 222 percent of tariff. Barge rates are quoted in terms of differentials from barge tariff benchmarks. The tariff rate from Minneapolis-St. Paul is $6.19 per ton; therefore, the spot market rate quoted is 1.72 times $6.19 or $10.65 per ton. Average third quarter rates for St. Louis, MO, to New Orleans were 113 percent of tariff ($4.51 per ton based upon a $3.99 tariff), 32 percent lower than the 5-year average of 165 percent of tariff. Barge futures for November shipments were quoted at 200 percent for Minneapolis-St. Paul and 138 percent for St. Louis. This suggests that for the rest of the year, barge shipment rates will be below average. *Grain Transportation Prospects*, October 2002, www.ams.usda.gov/tmd/mta/mta_special_reports.htm

Railroads Planning for Fall Grain Traffic. Major railroads are currently working to allocate their equipment and crews to reflect expected changes in traditional market patterns. This year's drought will force buyers to obtain grain and oilseeds from markets they normally do not access. Cycle times on the railroads may be a little slower this fall due to the challenges associated with crew availability, abnormal market patterns, and increased volume from nonagricultural traffic. *Grain Transportation Prospects*, October 2002, www.ams.usda.gov/tmd/mta/mta_special_reports.htm

Report is prepared by Deen Olowolayemo, Johnny Hill and Hooshang Fazel, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Support provided by Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm ..or contact Surajudeen.Olowolayemo@usda.gov

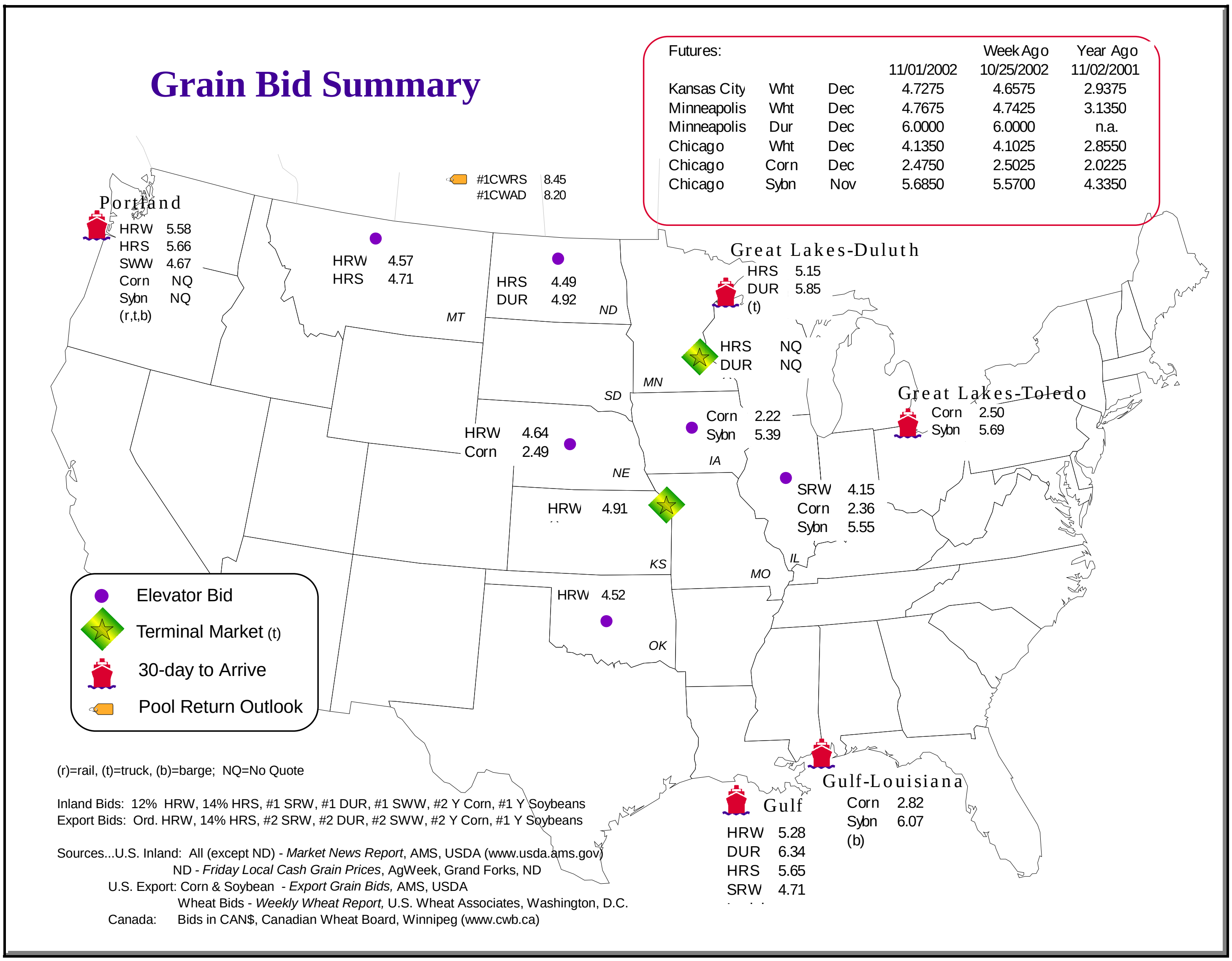
Contents

The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision making and longer-term strategic planning for an effective and efficient U.S. grain logistics system.

Market Update: U.S. Origins to Export Position Price Spreads
Per Bushel

Commodity	Origin--Destination	This week	Last week
Corn	IL -- Gulf	-0.46	-0.42
Corn	NE -- Gulf	-0.33	-0.30
Soybean	IA -- Gulf	-0.68	-0.62
HRW	KS -- Gulf	-0.37	-0.38
HRS	ND -- Portland	-1.17	-1.21

The **Grain Bid Summary** illustrates the market relationships for corn, soybeans, and five varieties of wheat among selected origins and destinations. Positive and negative adjustments in the differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.



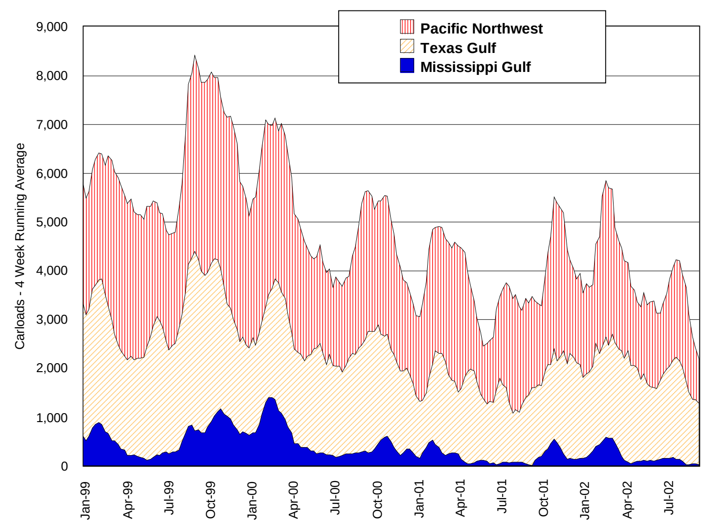
Rail Transportation

Rail Deliveries to Port
Carloads

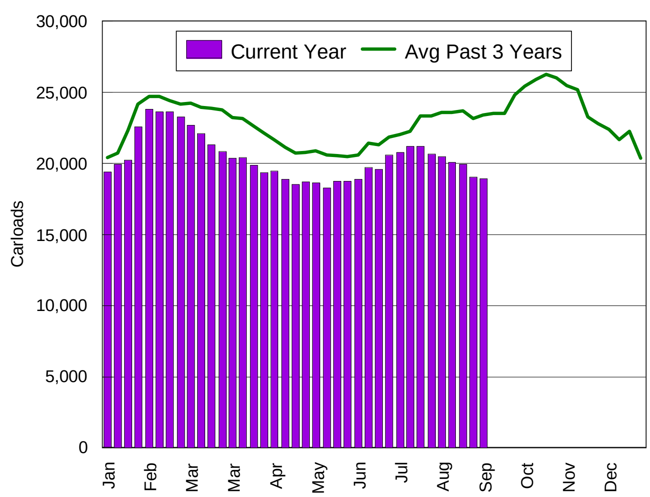
	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
10/23/02	189	1,322	3,553	739	928
10/30/02	45	988	3,749	557	602
YTD 2002	9,668	73,723	88,050	17,837	27,505
YTD 2001	8,860	66,254	94,569	21,933	30,793
% of Last Year	109%	111%	93%	81%	89%
Total 2001	10,022	81,804	111,376	26,604	229,806
Total 2000	25,767	104,473	128,414	14,816	273,470

Source: Transportation & Marketing/AMS/USDA; (*) Incomplete Data

Rail Deliveries to Port



Grain Car Loadings for Class I Railroads



Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Class I Rail Carrier Grain Car Bulletin
Grain Carloads Originated and Grain Service Index

	East		West				Canada	
	CSXT	NS	BNSF	KCS	UP	U.S. Total	CN	CP
11/02/02	3,500	3,349	8,629	178	6,772	22,428	3,053	5,022
This Week Last Year	3,432	4,297	11,006	664	7,518	26,917	5,055	5,486
2002 YTD	120,016	138,171	333,301	22,834	290,236	904,558	168,091	167,640
2001 YTD	128,498	136,228	326,374	22,391	284,758	898,249	164,279	164,693
2001 Total	151,864	163,018	428,603	26,330	347,156	1,116,971	254,982	232,461
2000 Total	147,708	153,905	425,849	26,515	364,785	1,118,762	160,749	239,670
Dec-01	95.5	93.1	100.9	101.0	98.0	97.5		

Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online for Rail Carrier

Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The auction and secondary rail values are indicators of rail service quality and demand/supply.

Railroad Car 'Auction' Results
Average Premium/Discount to Tariff, $/Car - Last Auction

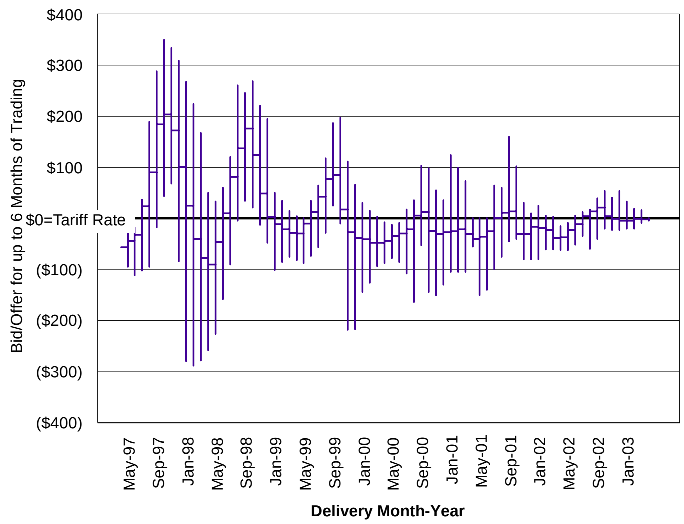
Delivery for:	Sep-02	Oct-02	Nov-02
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	$0
GCAS/Region 2	no bid	no bid	no offer
GCAS/Region 4	no bid	no bid	no offer

Source: Transportation & Marketing/AMS/USDA.
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Secondary Rail Car Market
Average Premium/Discount to Tariff, $/Car - Last Week

	Delivery Period			
	Aug-02	Sep-02	Oct-02	Nov-02
BNSF-GF	$(5)	$0	$(2)	$(3)
UP-Pool	$(55)	$(35)	$(5)	$(10)

Secondary Rail Market Bid



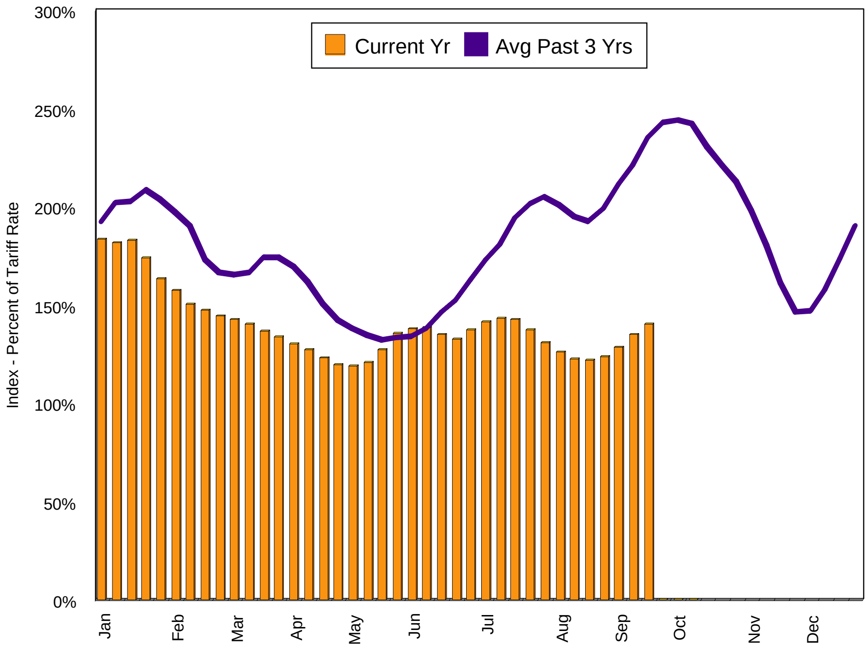
Tariff Rail Rates for Unit Train Shipments
November 2002

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
11/04/02	45560	Wheat	Minneapolis, MN	Houston, TX	$2,050	$22.60	$0.62
11/04/02	43521	Wheat	Minneapolis, MN	Portland, OR	$3,877	$42.74	$1.16
11/04/02	46540	Wheat	Kansas City, MO	Houston, TX	$1,650	$18.19	$0.50
11/04/02	43586	Wheat	Kansas City, MO	Portland, OR	$4,347	$47.92	$1.30
11/04/02	43581	Wheat	Omaha, NE	Portland, OR	$4,005	$44.15	$1.20
11/04/02	31005	Corn	Minneapolis, MN	Portland, OR	$3,050	$33.62	$0.85
11/04/02	31035	Corn	Kansas City, MO	Portland, OR	$2,700	$29.76	$0.76
11/04/02	31005	Corn	Omaha, NE	Portland, OR	$2,850	$31.42	$0.80
11/04/02	61110	Soybean	Minneapolis, MN	Portland, OR	$3,030	$33.40	$0.91
11/04/02	61110	Soybean	Omaha, NE	Portland, OR	$2,780	$30.64	$0.83

Source: www.bnsf.com
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Barge Transportation

Illinois River Barge Rate Index - Rate Quotes



The **Illinois River Barge Rate Index** averaged 183% of the Benchmark Tariff Rate between 1999 and 2001, based on weekly market quotes. The **Index**, along with **Rate Quotes** and **Futures Market** bids are indicators of grain transport supply and demand.

Calculating barge rate per ton:
Index × 1976 Tariff Benchmark Rate per Ton

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map below.

BARGE RATE QUOTES: Southbound Barge Freight
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

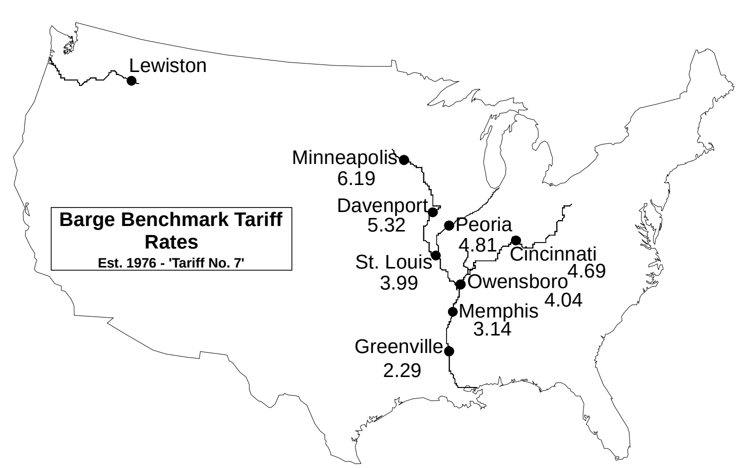
	11/6/02	10/30/02	Dec '02	Feb '03
Twin Cities	295	264	nq	nq
Mid-Mississippi	263	240	nq	nq
Illinois River	217	209	171	175
St. Louis	186	218	123	123
Lower Ohio	177	205	193	127
Cairo-Memphis	172	204	119	113

Source: Transportation & Marketing /AMS/USDA; nq=no quote

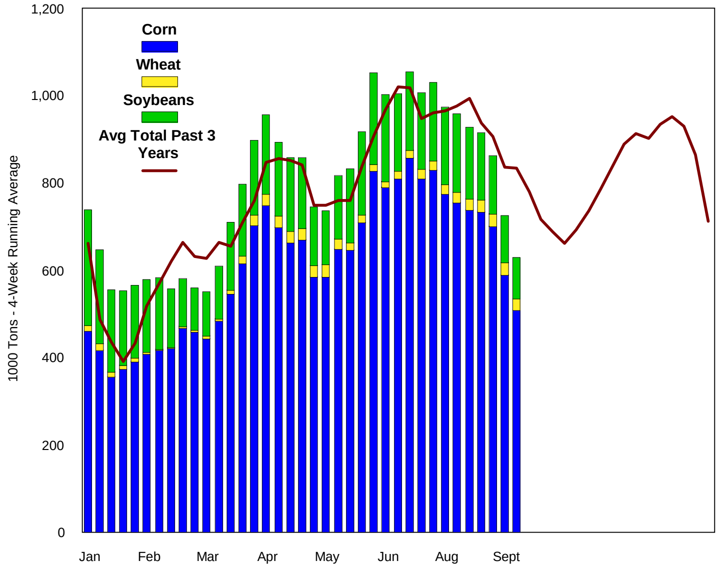
BARGE FUTURES MARKET
Southbound Barge Freight Nominal/Cash Basis Values
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate: Futures	Rate: Cash
11/12/02	St. Louis	Sept	n/a	n/a
		Nov	n/a	180
		Jan	n/a	125
		Mar	n/a	125
		May	n/a	125
	Illinois River	Sept	n/a	n/a
		Nov	n/a	215
		Jan	n/a	193
		Mar	n/a	160
		May	n/a	145

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



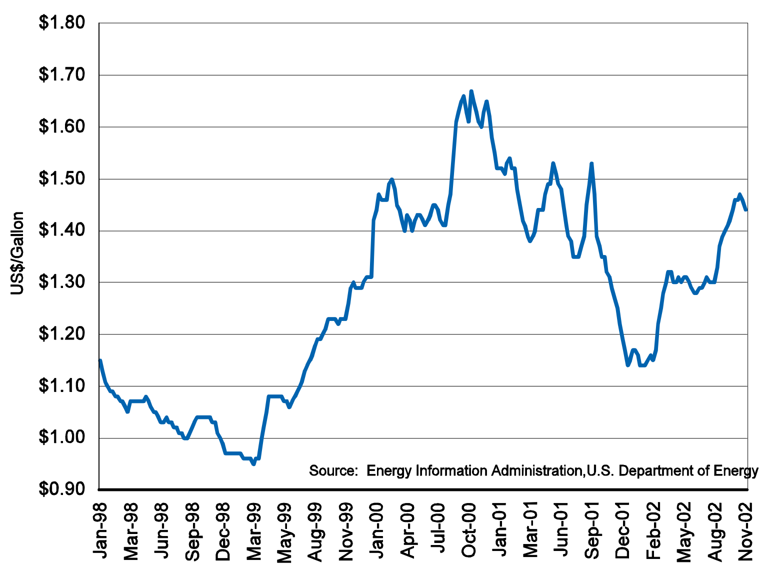
Barge Grain Movements
for week ending 11/02/02

	Corn	Wht	Sybn	Total
		1,000 Tons		
Mississippi River				
Rock Island, IL (L15)	299	5	208	514
Winfield, MO (L25)	361	9	326	703
Alton, IL (L26)	578	9	388	981
Granite City, IL (L27)	569	9	391	975
Illinois River (L8)	152	2	47	201
Ohio River (L52)	13	0	61	114
Arkansas River (L1)	0	13	22	34
2002 YTD	28,642	2,253	9,335	41,590
2001 YTD	26,631	2,338	7,712	38,331
% of Last Year	108%	96%	121%	109%
Total 2001	31,878	2,679	10,616	47,091

YTD and Calendar year total includes Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers.

TRUCK TRANSPORTATION

Weekly U.S. Retail Road Diesel Price, Including Taxes



The weekly **Diesel Price** provides a proxy for trends in U.S truck rates. Diesel fuel is a significant expense for truck grain movements, accounting for 37% of the estimated variable cost. **Crude Oil Price** is an indicator in future diesel price trends.

Crude Oil Prices
US$ per Barrel

	This Week	Last Week		Average 2001*
Light Sweet Crude (NYMEX)	28.51	28.34	⬆	22.96
Brent Crude	26.76	26.26	⬆	

Source: www.eia.doe.gov; *U.S. Refiner Crude Acquisition Cost, Composite Domestic & Import

Note: Light Sweet Crude is exchanged on the New York Mercantile Exchange. North Sea oil has a "benchmark" role in crude oil pricing. Brent crude, a blend of North Sea oils, is traded on the International Petroleum Exchange in London

GRAIN EXPORTS

U.S. Export Balances (1,000 Metric Tons)

	Wheat						Corn	Soybean	Total
	HRW	*SRW*	*HRS*	*SWW*	*DUR*	*All*			
Unshipped Export Balances									
10/31/02	1,428	690	1,630	790	177	4,715	7,805	7,920	20,440
This Week Year Ago	1,382	1,018	1,017	573	240	4,229	7,028	8,606	19,863
Cumulative Exports-Crop Year									
01/02 YTD	3,625	1,193	2,960	1,542	386	9,705	5,705	4,365	19,775
00/01 YTD	3,460	2,375	2,308	1,371	573	10,087	7,569	17,713	35,369
99/00 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
98/99 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942
97/98 Total	9,867	6,792	8,918	6,443	897	32,918	55,769	23,550	112,237

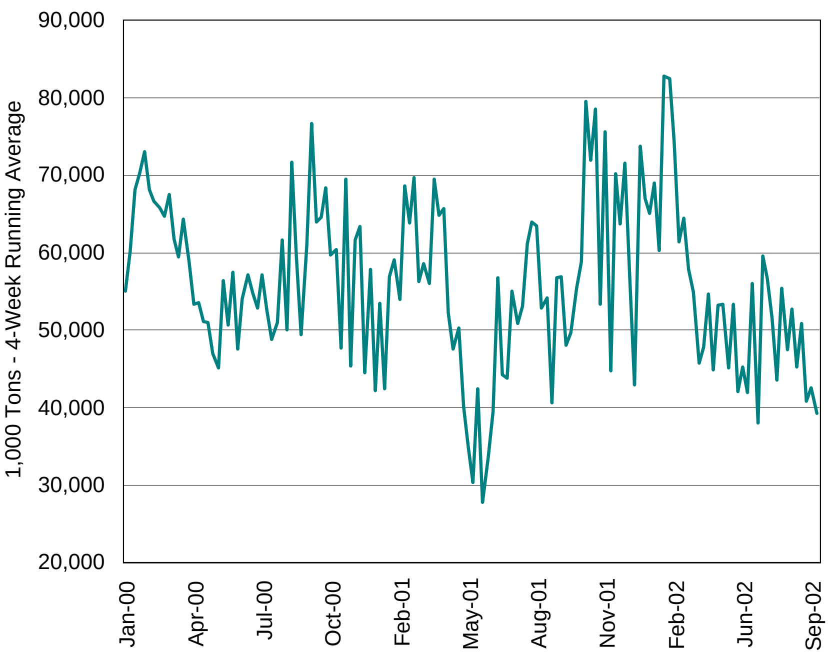
Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	Pacific Region			Mississippi Gulf			Texas Gulf			Port Region Total		
	Wheat	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Pacific*	*Mississippi*	*Texas*
11/07/02	162	137	135	130	389	929	79	0	0	434	1,447	79
2002 YTD	7,617	3,169	2,383	4,778	31,429	14,099	5,134	259	907	13,169	50,306	6,301
2001 YTD	8,363	4,667	2,260	5,441	30,338	12,993	4,944	253	1,382	15,291	48,771	6,579
% of Last Year	77%	53%	139%	71%	89%	79%	74%	55%	90%	75%	84%	75%
2001 Total	10,007	5,877	1,647	6,829	34,991	17,996	6,984	470	1,008	17,530	59,816	8,462

Source: Federal Grain Inspection Service YTD-Year-to-Date

U.S. Grain Inspected for Export



Select Canadian Port Export Inspections
1,000 Metric Tons, Week End Summary

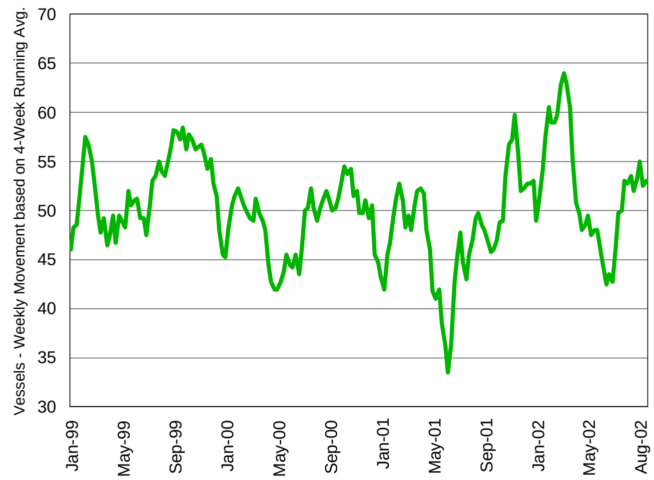
11/07/02	Wheat	Durum	Barley
Vancouver	318	21	5
Prince Rupert	577	49	
Prairie Direct	168	139	67
Thunder Bay	146	119	59
St. Lawrence	2,488	424	96
2001/02 YTD	3,697	752	227
2002/03 YTD	1,676	922	132
% of Last Year	221%	82%	172%

Source: Canadian Grains Commission, Crop Year 8/1- 7/31

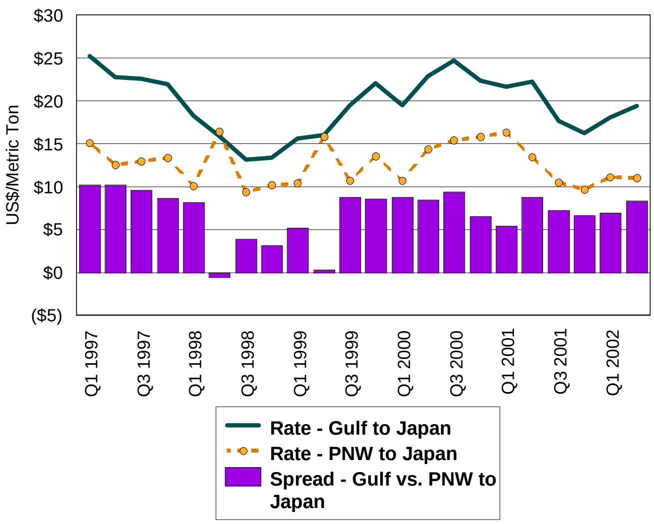
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
10/31/02	43	58	75	12	1
11/07/02	55	55	82	10	3
2001 Range	(13..65)	(28..64)	(46..81)	(1..18)	(4..20)
2001 Avg	36	48	63	9	12

Gulf Port Region Grain Vessel Loading
Past 7 Days



Grain Vessel Rates to Japan



Quarterly Ocean Freight Rates
Average Rates & Percentage Changes, U.S. Dollars/Metric Ton

	2002 3rd Qtr	2001 3rd Qtr	% Change		2002 3rd Qtr	2001 3rd Qtr	% Change
Gulf to				**Pacific NW to**			
Japan	$19.54	$17.69	9%	Japan	$11.57	$11.46	10%
Mexico	$7.14	-	-				
Venezuela	-	$13.45	-				
N. Europe	-	$12.06	-	**Argentina to**			
N. Africa	$31.64	$18.21	42%	Med. Sea	$19.93	-	-
Med. Sea	$11.92	$12.05	-1%	N. Europe	-	$16.22	-
Black Sea	-	-	-	Japan	-	$29.40	-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates for Select Shipments - week ending 11/09/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
U.S. Gulf	Peru	Wheat	Nov20/30	25,000	$73.08*
U.S. Gulf	Poti, Georgia	Wheat	Spot	30,000	$23.75
U.S. Gulf	Japan	Heavy Grain	Nov 05/20	42,000	$25.50

Source: Maritime Research Inc.; rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option

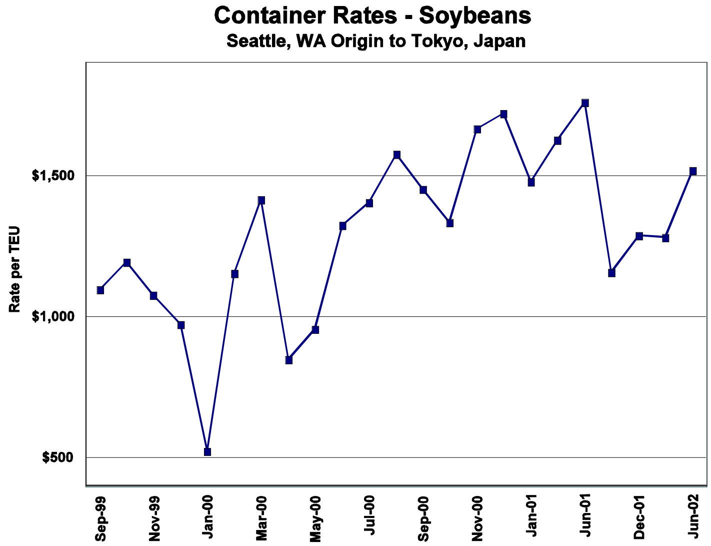
*The Jones Act requires shipments of food aid from the U.S. to be shipped on U.S. flag vessels. These vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer duration than normal. Lastly, the loading and unloading of bagged commodities is generally more labor intensive than bulk shipments, which also contributes to the additional cost.

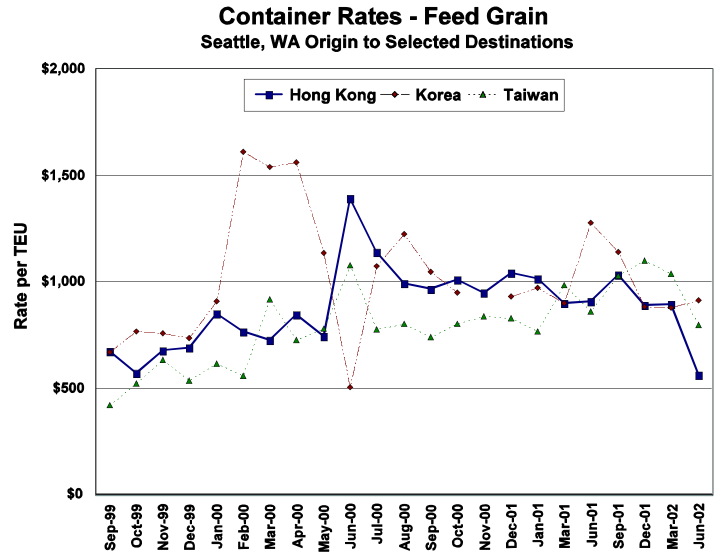
CONTAINER

Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA





Approximately 420,000 MT of grain and oilseed exports were marketed via container in 2001. This volume increased 26% compared to 1997.